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Home rule and a 5 cent
fare

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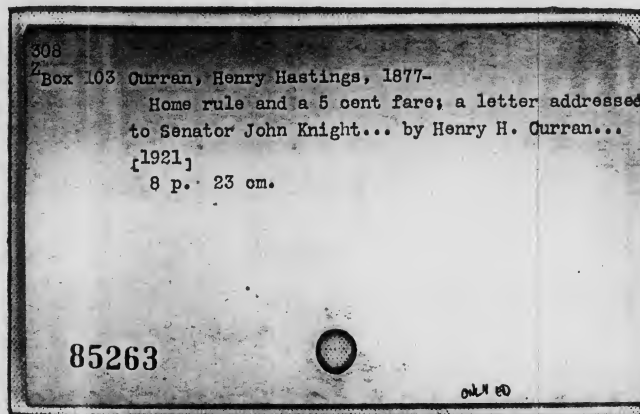
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HOME RULE

AND

A 5 CENT FARE

A Letter Addressed to Senator John Knight

Chairman of the Senate Committee on Public Service

By HENRY H. CURRAN

President of the Borough of Manhattan

February 26, 1921.

Hon. John Knight,
Chairman, Committee on Public Service,
Senate Chamber,
Albany, N. Y.

SIR:

Following the Governor's message, you have introduced, in the Senate, a bill which represents his earnest endeavor to improve the conditions of passenger transportation in the City of New York. That is the object of the bill, and that is what we all want. Our transportation system is at sixes and sevens, and it must be straightened out. We need the Commission that the bill creates; we need the investigation that the Commission will conduct; and we need the remedy that is right, whatever it may be. Your bill provides for all of that, and, in that endeavor, I am with you. I am convinced, however, that you are going about it in the wrong way. The passage of the bill in its present form will not help us. On the contrary, it is likely to throw the whole matter into confusion worse confounded; and, it may defeat, from the outset, Governor Miller's good intentions.

In stating my objections to the present form of your bill, I speak for myself, as a citizen and as a city official, and not for, nor with, Mayor Hylan. This City has witnessed, for three years, a useless contest in stubbornness and abuse between the Hylan administration and the traction companies. Neither party to this unseemly dispute has sought to relieve the sufferings of those who have to use our local transportation. We have seen political advantage pitted against pecuniary advantage, and this selfish war of words has made strap-hangers of us all. While the Mayor talks, and the public stands and walks, the Interborough and B. R. T. Companies crowd their trains in non-rush hours in a manner so disgraceful and unnecessary as to indicate a deliberate attempt to starve the people into putting up with almost any kind of legislation that will give them relief. The result, however, is quite the opposite. We who have to ride in the subway twice a day are familiar with these tactics and we are prepared to suffer still longer to get justice. It is not the subways that are crowded; it is the trains inside the subways. We need more trains, more than we need more subways.

HYLAN-HEDLEY COMBINATION TO BLAME

Meanwhile the Hylan-Hedley combination has resulted in this drastic bill which, in a desperate effort to do something, seeks to take away the City's power, and put it into an omnipotent State Commission of three. We do not need the trapeze performances of transcontinental counsel to voice our opposition to such a course. The advent of the Senator from California is just an added indignity.

My first objection to the bill rests on its plain intention to take from the people of our city every bit of power over local transit that can be legally taken away from us. You propose to vest complete and exclusive power in the Transit Commission to modify franchises and contracts entered into between the City and the traction companies. By a stroke of the pen you sweep away our powers of control of our own property, that have been given to us by the State, one by one, over a span of fifty years. Whatever may be the strictly legal power of the State, there are sound practices and customs that ripen into rights, and I believe this City has an actual and moral right to the degree of local self government to which we have attained. We are not asking, at this time, for more power. We ask only that you do not take away from us that which we have.

FIVE-CENT FARE FUNDAMENTAL

The people of this City have bought and paid for our subways as well as our streets. They are both open to the world, but it is we who use them the most. A portion of the surface and overhead use of the streets has been given over to private companies who, by hook or by crook, have obtained franchises in perpetuity. The subways are subject to a forty-nine year lease to private companies. We have made contracts with all these companies based on a five-cent fare, and the five-cent fare was, in every case, the fundamental consideration. If there is to be any change from a five-cent fare we ought to have something to say about it. Those railroads are essentially local affairs, confined within the boundaries of our City, and serving, primarily, the needs of the locality. If there is a choice as to paying passing deficits out of an increase in the fare, as against paying them out of taxes, the people of this City should have something to say about the choice, for it is they who pay both the carfares and the taxes.

Your bill, however, gives all of this power, and more, to the Transit Commission. This Commission will be able to deliver

the City, bound hand and foot, in such fashion as it deems proper, and we have nothing to do but to sit by and watch, and make remarks. We are the audience. When it comes to the private companies, however, they already have vested rights, which the Commission cannot touch except by the consent of the companies themselves. They do not have to give up anything unless they want to. They are not delivered—for better or for worse—nor can they be. Is that fair?

CITY SHOULD KEEP CONTROL

The bill should be amended to leave with the City, as represented by its local government, all power that we now possess. The incompetence of the present city administration does not constitute a sufficient emergency, in my opinion, to warrant the State in brushing aside, with one gesture, the accumulated rights that have come to us in the course of the last fifty years. The ignorance and buffoonery that sit in the City Hall today are not necessarily one of our permanent municipal monuments. Nor is there any guarantee that our State Government will remain at its present standard. The time may come when we shall have a Board of Estimate of high calibre. The time may also come when the State Administration will be changed for the worse. Is it fair or wise to take from the City all power to help itself under any circumstances?

If it is insisted that all power be taken away from the City, the elaborate procedure which the bill provides for giving the Board of Estimate a thirty-day glimpse of the plan—while it is going by—may as well be eliminated. If the City is to have no power in the matter, we should not be asked to share any of the responsibility. The public can appear at the public hearings that are provided, and so can their representative local City Officials. The addition of the various provisions for a thirty-day look at the plan constitutes an indignity that, to my mind, may, with good taste, be omitted from this legislation. No twilight zone of publicity can take the place of power.

My second objection is that the bill sets forth a definite plan under which the Commission is to work and, therefore, ties the hands of the Commission to this plan in advance of any investigation whatsoever. This is a remarkable provision, and it seems to me radically wrong. The first duty is to investigate and get the facts. The next is to recommend the remedy. The third is to put it into effect. Your bill puts the last step first.

Who knows whether this plan is right or not, until we have the facts? Neither you, nor I, nor the Commissioners would say, in advance of knowledge of the facts, that this is the very plan that is right.

For instance, are we sure that we want a "combination, rehabilitation, improvement and extension of existing railroads?" Some of these existing surface railroads are ready for the scrap heap. The competition of the City-owned subway has made them obsolete. They are gold mines that have been worked out; the march of events has left them behind. It is only a few years ago that Manhattan, south of 14th Street, was gridironed with little jingling horse car lines. But, we did not combine and rehabilitate them. They have gone, just as the Deadwood stage coach went. In Bleecker Street, and Wooster Street, and many another little downtown street, I can show you the abandoned rails today that tell the tale of their economic exit from the local transportation layout.

Furthermore, are you sure that the two operating subway companies, the Interborough and the B. R. T., should be combined? There has been some opinion to the effect that competition between the two will have a beneficial effect upon the quality of the service that each gives.

The plan further provides that we must have our subway investment so re-arranged as to take it out of the limitation on our borrowing capacity as a City. In other words, we are bound to pay the interest on our subway investment of nearly \$300,000,000 out of carfares instead of taxes, and do it right away. How does anybody know that we should do that right now? I would remind you that we have spent a great deal of money for our wonderful system of water supply, which we regulate ourselves. The price that we pay for water is not enough to pay the interest on the investment. We pay the deficit out of taxes. I suppose the State could compel us to pay twice as much for water as we do now, so that our water supply, as well as subways, might be self-sustaining, out of what the consumer pays, from the first moment. But, that has not been suggested, and I think such a suggestion would call forth considerable comment.

As a matter of fact, we do not necessarily need to have our subways self-sustaining at this very minute. We have a constitutional borrowing capacity already of nearly \$200,000,000. That is money that we can borrow and spend. Are we to be compelled to pay an increased fare for a ride in the subway in

order that we may borrow double that amount at once, and have \$400,000,000 to spend tomorrow instead of only \$200,000,000?

The principal obstacle in the way of all of the City's subway investment, instead of only part, being fully self-sustaining today, is the preferential exacted by the companies in the 1913 dual subway contracts. That preferential is the direct result of the 1900 lease of the subway, entered into in behalf of the City by the old Rapid Transit Commission, which was a State Commission enjoying powers beyond any control on the part of the City of New York. In other words, the unfair and burdensome preferential, under which we labor today, is our legacy from a State Commission of the very kind that you now propose to create all over again.

A third feature of the plan provides for a "readjustment of the existing rights and obligations of the railroad companies so that the real values in the railroads may be protected and securities stabilized." This refers to the "real values of the railroads," but makes no reference to the "real values" in the streets and tubes which are owned by the City. Why not both?

COMPULSORY MUNICIPAL OWNERSHIP

The plan further provides that the Commission may, without the consent of the City, vest title in the City to "such railroads as are not already owned by the City and whose ownership thereby is deemed by the Commission to be desirable." This is compulsory municipal ownership, and I cannot agree to any proposal to thrust properties of doubtful value upon the City without the City's consent. It might be that the Commission would "deem" that we ought to own some of these railroads which, in fact, we should hesitate to accept as a gift.

I have made these queries as to the plan set down in the bill, not because they necessarily indicate what is best for the City. There is something to be said on both sides, as to every one of them. But, your bill prevents the Commission from considering both sides of this question, by tying it up in advance to a mandatory plan by which it must chart its course.

It is very probable that the general result of this plan will be to place upon the City-owned subways the burden of carrying along the privately-owned surface roads. The subways control the situation, and they are owned by the people. By themselves, they need no help in the shape of an increased fare. There is a positive danger in any mandatory plan that may compel the City

to carry the burden of the companies from whose perpetual franchise grip the City is just now freeing itself.

NO TEMPORARY INCREASE

My third objection is to the power of the Commission to increase fares temporarily. The proposed amendment to take out this power—as I read it in the papers—does not take it out. In point of fact, it leaves that power with the Commission as much as ever. The Commission, even under the amendment, has only to adopt a plan of adjustment, after a public hearing, include in that plan a provision for temporarily increasing all car-fares in the City of New York from five cents to eight cents; and thereupon everybody begins to pay eight cents. At the same time, the Commission sends the plan along to the City government, and then occurs the battledore and shuttlecock of the thirty-day hearings. During this period we pay eight cents. After all that, the Commission may finally come to an agreement with the companies and sign contracts with them over the objection of the City government. But in the meantime, we still pay eight cents. And it may be a long time before any such agreement is reached. Vested rights are not given away over night. The bill should be amended to take out this power, and take it all the way out.

Fourthly, I object to the following clause in the section that gives the Commission power to increase car-fares "with due regard, among other things, to *agreed provisions for service or compensation.*" What do those words mean? They are the same words that appear in the Jenks bill that was defeated in the Legislature last year. Do they, perhaps, refer to the underlying lease of the Manhattan Elevated lines to the Interborough Company, whereby the latter company pays 7% on an inflated elevated stock capitalization of \$60,000,000? Or, do they refer to other underlying leases or agreements? The corporate cobweb of private traction interests in New York is swarming with just such underlying leases and agreements, very few of which represent real value. If this clause refers to agreements between the companies and their employees, or to something else, it should be clarified so that we may know exactly what it does mean. If it is the Jenks bill rejuvenated that is before us, we ought to clear up this mystery that puzzled the Legislature of a year ago and resulted in the rejection of the measure.

My fifth objection, as I read your bill, is that it takes away from the City government, for all time, the franchise granting

power as to street railroads, and places it in the hands of the Transit Commission. I am sure you will agree that the future bargaining away of rights in our City streets should be attended to by us, and not by a State Commission. It is true that the Constitution requires local consent to a new route, but when that consent has been given, on such terms as the City deems wise, the Commission can thereafter modify these terms in any way that it desires, by agreement with the company, but without any regard whatsoever to the wishes of the City. For instance, under your bill, the Commission can, with the City's consent, grant a street railroad franchise for the length of Fifth Avenue, from Washington Square to the Harlem River, on the faith of a five-cent fare. Six months later, the Commission can raise this to a fifteen-cent fare, and the City is powerless to prevent this abrogation of the contract. Furthermore, the bill places no limitation upon the duration of such franchises. There should be a definite limitation in the law. We have done, forever, with franchises in perpetuity, or even for an unduly long term of years, and there should be no opportunity for anyone to turn the clock back in this respect.

It has taken fifty years of crooked finance and dishonest politics to fashion the traction omelet of this City. I do not believe the new Commission will unscramble it over night, or even by Decoration Day, or the Fourth of July. I hope the bill, with all the amendments I have suggested, will go through, so that we may have a competent Commission soon in the field. Let the Commission take as long as need be to get the whole story and put forth its constructive plan. If the plan is bad, we shall be very glad of the power of the City, through its own local government, to reject it. If the plan is good, no Board of Estimate can stand in the way of the public opinion that will compel its adoption. Instead of ducking away from the necessity of local approval of the plan, I urge that you meet it fairly and courageously by putting it up to the Commission to give us a plan that can be fought for and adopted on its own merits. If you do otherwise, I am afraid you will leave us in a litter of lawsuits with only one definite thing done, to wit: the replacement of the five-cent fare by a higher fare, under this bill.

Yours truly,

HENRY H. CURRAN,

President, Borough of Manhattan.



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